

# INITIATIVE MEASURE

# 32

(To the Legislature)

Official ballot title:\*

## LOCAL PROCESSING OF STATE TIMBER

AN ACT establishing a state agency to be known as the Full Employment Commission; providing for a procedure whereby timber sold by the state to any "responsible bidder" and removed from state-owned or administered lands will be branded, and will receive primary processing in a facility employing Washington residents located in the state of Washington or within fifteen miles from any boundary thereof in an abutting state, unless permission is granted by the Full Employment Commission for primary processing elsewhere based upon a finding that no reasonable market presently exists for the timber at such a facility; and establishing penalties.

\*Ballot Title as issued by the Attorney General.

## Statement **FOR**

DISASTER FACES WASHINGTON'S LUMBER INDUSTRY AND ITS EMPLOYEES! INITIATIVE 32 to the Legislature will enable our lumber and plywood mills to survive.

### The reason for Initiative 32

*Log Shortage Looms.* Logs are being exported to Japan at an astronomical rate. This has caused the price of logs to go sky high, because the Japanese exporters have a monopoly on Japan's lumber market. Since the Japanese sell their lumber at high prices, these exporters can pay any price necessary to prevent our mills from buying Washington logs. WHY SHOULD WASHINGTON STATE-OWNED LANDS CONTINUE TO BE A TREE FARM FOR JAPAN? INITIATIVE 32 will plug a big loophole in the unrestricted export of a critically short natural resource!

### Exporting logs means exporting jobs

*76 Mills Closed; 8200 Jobs Down the Drain.* Japan wants more U. S. logs to generate jobs—for the Japanese. The result of losing these 8200 jobs is Washington's loss of over \$300,000,000 in payrolls and total business sales volume. INITIATIVE 32 not only assures the preservation of existing jobs, but will create many more new jobs.

### Log exports restricted in our neighbor states

*It's Time for Washington to Follow Suit!* Oregon, Idaho, Alaska, British Columbia, and the Federal Government have recognized and corrected the problem of log exports. INITIATIVE 32 is patterned after these examples of our neigh-

bors by requiring local processing of public timber. RESULT? Spectacular increases in *manufactured* wood product exports, as opposed to exporting raw materials — BUT THE JAPANESE HAVE TURNED TO BIDDING UP THE PRICE OF LOGS GROWN IN WASHINGTON STATE, WHICH HAS NO RESTRICTION ON LOG EXPORT!

### Initiative 32 to the Legislature benefits our schools

*Local Property Tax Strain Will Be Eased.* INITIATIVE 32 will restore the rightful share of tax dollars to the operation of local school districts, thereby easing the load on property taxes. INITIATIVE 32 will assure the economic well being of a traditionally strong bulwark of Washington's economy. INITIATIVE 32 will provide more long-shore, port, and wood products jobs, and will at the same time increase our export of finished products.

Vote FOR Initiative 32.

Committee appointed to compose statement FOR Initiative 32 to the Legislature:

ART AVEY, State Representative; GEORGE CASSEDAY, President, Puget Sound Council, Lumber and Sawmill Workers; DON RASMUSSEN, President, Home Builders Association of Washington.

Advisory Committee: State Representative BILL MAY, Editor, Labor World, Spokane; State Representative JOE D. HAÜSSLER, orchardist and businessman; DELTA V. SMYTH, former Chairman, Olympia Port Commission; JACK E. RAMSEY, member, Washington Education Association and school principal; H. H. BROWN, State Executive Secretary, Carpenters and Joiners Union.

**The Law as it now exists:**

When state-owned or state-administered timber is sold, it must be sold to the highest bidder. There is no state law which prescribes where this timber shall be processed.

**Effect of Initiative Measure No. 32**

**if approved into Law:**

The proposed act would create a new state agency to be known as the Full Employment Commission. The act would further provide that unless permission is granted by this commission (based upon a finding as to market conditions) to process state-owned or state-administered timber elsewhere, every purchaser of such timber, where its appraised value exceeds \$2,000, must agree that it will receive its "primary processing" in a facility employing residents of the state of Washington which is located within the state or another state, if located within 15 miles of this state.

*Note: Complete text of Initiative Measure No. 32 (To the Legislature) starts on Page 45.*

---

## Statement **AGAINST**

**It will raise taxes!**

Schools and counties would lose millions of dollars of income from state-owned land log sales.

Higher taxes will be needed to replace that lost revenue.

It would establish an expensive, unnecessary governmental bureaucracy, free to hire and spend with few restrictions.

It applies only to public land logs. Private timber owners remain free to export.

It is bad legislation! It was rejected by the '67 Legislature. Similar bills were rejected in previous sessions.

**It will eliminate jobs!**

Jobs will be lost. More than 5,000 people are employed in log exporting and related work. Many of these persons will be thrown out of work if Initiative 32 passes.

Income and payrolls in our eleven log exporting communities will be drastically reduced, damaging the economy.

It isn't necessary! Officials report we grow more timber than we cut. We have plenty of timber for our domestic needs and the export market too.

This restriction on free trade will invite retaliation from buyers of other Washington products — aerospace and agriculture. It would jeopardize our \$2.1 billion import-

export business—threatening additional thousands of jobs.

**It's not the answer!**

We urge you to carefully read the Initiative itself on page 45. You'll discover immediately that it is unbelievably complex and confusing.

One fact, however, stands out clearly . . . it offers no real solution to the problems confronting our wood processing industries, and can only warrant your vote **AGAINST INITIATIVE 32**.

That's why these organizations strongly oppose Initiative 32: League of Women Voters of Washington, Washington Education Association, International Longshoremen's and Warehousemen's Union, Washington State School Directors Association, Council of the Pacific Northwest Log Exporting Industries, Washington Farm Forestry Association, Log Truckers Conference—Washington Trucking Assns., Inc., Washington Public Ports Association, Washington Association of Stevedores, Washington Association of Wheat Growers.

*Committee appointed to compose statement **AGAINST Initiative 32:***

**WALTER WILLIAMS**, State Senator; **OTTO AMEN**, State Representative.

*Advisory Committee:* **WILLIAM GETTINGS**, Regional Director, International Longshoremen's and Warehousemen's Union; **MRS. JAMES E. PECK**, Foreign Policy Chairman, League of Women Voters of Washington; **WILLIAM F. DEVIN**, former Mayor of Seattle; **PHIL FROST**, former Editor, International Woodworker, IWA, AFL-CIO; **DON MURRAY**, Asst. Executive Secretary of Professional Services, Washington Education Association.

construction and initial equipment, reconstruction, demolition or major alteration of new or presently owned capital assets.

**NEW SECTION.** Sec. 8. This act shall be submitted to the people for their adoption and ratification, or rejection, at the general election to be held in this state on the Tuesday next succeeding the first Monday in November, 1968, in accordance with the provisions of section 3, Article VIII of the state Constitution; and in accordance with the provisions of section 1, Article II of the state Constitution as amended, and the laws adopted to facilitate the operation thereof.

*\*NEW SECTION.* Sec. 9. Anything in this act to the contrary notwithstanding, if the constitutional amendment proposed in Senate Joint Resolution No. 17 shall be adopted by the electorate in the 1967 general election

(1) the sum of sixty-three million fifty-nine thousand dollars authorized for issue as general obligation bonds in section 1 of this act shall be reduced to the sum of twelve million six hundred seven thousand five hundred ninety-five dollars, and

(2) each of the following capital projects shall be deleted from section 6 of this act:

<i>For the University of Washington</i>	
Law school center .....	\$ 5,100,000
Psychology building .....	\$ 3,500,000
Performing arts building .....	\$ 3,700,000
Computer center addition .....	\$ 1,300,000
Electrical engineering addition .....	\$ 650,000
<i>For Washington State University</i>	
Agricultural sciences building .....	\$ 3,934,775
Physical sciences building .....	\$ 3,148,630
<i>For Western Washington State College</i>	
Additional instructional facilities .....	\$ 1,883,500
Physical education building .....	\$ 490,000
Administration building .....	\$ 1,650,000
<i>For Central Washington State College</i>	
Instructional center .....	\$ 3,009,500
Library addition .....	\$ 2,070,000
<i>For Eastern Washington State College</i>	
Health and physical education building .....	\$ 1,125,000
Classroom building .....	\$ 1,500,000
Radio-television building .....	\$ 500,000
Drama building .....	\$ 800,000
Art building .....	\$ 1,090,000
<i>For the Fourth State College</i>	
Construction Phase I .....	\$15,000,000

Passed the Senate April 29, 1967.

Passed the House April 28, 1967.

Approved May 10, 1967 with the exception of Section 9, which is vetoed.

DANIEL J. EVANS  
Governor of Washington

\*Words in italics vetoed by the Governor.

#### GOVERNOR'S STATEMENT EXPLAINING PARTIAL VETO:

I am filing herewith to be transmitted to the Senate at the next session of the legislature, without my approval as to one section, Senate Bill No. 532, entitled:

"AN ACT Relating to state government and the support thereof and authorizing the issuance and sale of state general obligation bonds to provide for needful land acquisition and buildings."

This bill submits to the voters of the State of Washington for their approval or rejection a proposed state general obligation bond issue of \$63,059,000 to provide necessary new facilities at certain state institutions, the state library, the three

state colleges and the two state universities. The bill also would provide the funds for first phase construction at the fourth state college authorized by the 1967 legislature. I approve of this bond issue and trust that the voters of the state will ratify it at the election to be held in November, 1968.

However, Section 9 of the bill is unnecessary, and may prove confusing to the voters if it remains in the measure when it is submitted at the 1968 general election. Section 9 provides conditionally that the bond issue be reduced to \$12,607,595, by eliminating from the bill all funds for institutions of higher education. The condition specified is the ratification of a constitutional amendment proposed in Senate Joint Resolution No. 17 at an election to be held in November, 1967. This proposed constitutional amendment would eliminate the need for many statewide bond issues by authorizing a State Building Authority to lease buildings to state agencies and finance the construction or acquisition cost through the sale of revenue bonds. If the State Building Authority were activated later this year, it would finance construction of needed higher education facilities, including the new four-year college, approximately a year sooner than will be possible under Senate Bill No. 532.

Section 9 is meaningless, because no state general election will be held in November, 1967.

A bill authorizing annual state elections was introduced during the 1967 legislative session at my request. It was passed by the House of Representatives, but failed to emerge from the Senate Rules Committee. It is unfortunate that the people will not have the benefit of annual state elections in order to vote promptly on vital issues facing the state, such as proposed constitutional amendments, matters relating to a constitutional convention and other measures referred to the people. Since this is not possible, I believe Senate Bill 532 will be less confusing to the voters if references to a proposed 1967 general election are eliminated.

Therefore, I have vetoed Section 9. The remainder of Senate Bill No. 532 is approved.

Respectfully submitted.

DANIEL J. EVANS  
Governor

COMPLETE TEXT OF

## INITIATIVE MEASURE

# 32

### TO THE LEGISLATURE

Ballot Title as issued by the Attorney General:

#### LOCAL PROCESSING OF STATE TIMBER

AN ACT establishing a state agency to be known as the Full Employment Commission; providing for a procedure whereby timber sold by the state to any "responsible bidder" and removed from state-owned or administered lands will be branded, and will receive

primary processing in a facility employing Washington residents located in the State of Washington or within fifteen miles from any boundary thereof in an abutting state, unless permission is granted by the Full Employment Commission for primary processing elsewhere based upon a finding that no reasonable market presently exists for the timber at such a facility; and establishing penalties.

*Be it enacted by the Legislature of the State of Washington:*

**NEW SECTION.** Section 1. This act may be known and cited as the "Washington State Log Conservation and Full Employment Act of 1967".

**NEW SECTION.** Sec. 2. The legislature of the state of Washington finds:

(1) The maintenance of full employment and the prevention of job loss is essential to the health, safety, and welfare of the people of the state of Washington, while the encouragement of industry is vital to such full employment and the continued prosperity of the state. Though the primary processing of logs is one of the state's most important industries, it has faced increasing economic difficulties in recent years because of a shortage in the supply of logs from public lands. Wood processing plants employing residents of the state of Washington have been closed and loss of jobs has resulted. Should this trend continue, the state could well be deprived of the employment and an industry which have traditionally been among the chief pillars of its economy.

(2) The well-being of the state depends on the stability of the jobs of its citizens with both the production of raw materials, and the processing thereof, playing important roles. The consequences of trade restrictions and export bans imposed by others threaten to disrupt the balanced economy of this state by eliminating both intrastate processing of logs derived from timber grown on state lands and the employment of residents of the state of Washington in plants that process such timber. When state timber is marketed, the maximum value for the state is obtained when the timber is sold competitively and the primary processing thereof is completed either within the state's borders or by facilities that directly furnish jobs to residents of the state of Washington.

To avert substantial and irreparable damage to the economy, the legislature of the state of Washington, pursuant to the state's police power, is compelled to enact this legislation in order to carry out the obligation of the state of Washington to protect the health, safety, and welfare of the state's citizens.

**NEW SECTION.** Sec. 3. As used in this act:

(1) "Timber" means wood in tree form, whether standing or down, or in log form.

(2) "Public timber" means all timber removed from or still on state-owned or administered lands.

(3) "Primarily processed" means that state of manufacture when all longitudinal surfaces of a log have been made flat by sawing or when a substantial portion of a log has been converted into veneer or when a log is converted into chips of a size suitable for use in the manufacture of pulp.

(4) "Logging" means the severing of timber from the land.

(5) "Log" means a segment of a tree that has been excised therefrom.

(6) "Facilities in the state of Washington" means a manufacturing establishment (a) that is

equipped with facilities for the conversion of logs into veneer, lumber or chips; (b) that is located within the state of Washington or in an abutting state within fifteen miles on a straight line from any point on the boundary of the state of Washington; and (c) that employs residents of the state of Washington in the primary processing of logs.

(7) "Responsible bidder" means a person who, in addition to meeting the requirements of other laws and regulations relating to the sale of public timber, as part of his bid (a) agrees in writing that if he is awarded the contract for the sale of the timber for which he is bidding he will cause all of the timber that is included in such contract and removed from state land to receive primary processing in a facility in the state of Washington as defined herein, unless a permit is issued pursuant to section 8 of this act for the primary processing of such timber elsewhere, and (b) represents in writing that he, his affiliates, subsidiaries, and persons under a common control with him, have not theretofore breached any agreement made under section 5 of this act.

**NEW SECTION.** Sec. 4. Where the appraised value exceeds two thousand dollars, all sales of state-owned or administered timber or interests therein made by the department of natural resources shall be at public auction and made to the highest responsible bidder.

**NEW SECTION.** Sec. 5. In the performance of a contract for the sale of public timber, if the buyer shall fail to abide by the agreements that were made by him as part of his bid for such contract, he shall be liable therefor in a civil action for damages brought by the state of Washington in an amount equal to one-half of the price established by the contract for all of the timber that by such contract is included or estimated to be included, as the case may be, in the sale. Every contract for the sale of public timber shall contain a provision that all of the timber included in such contract that is removed pursuant thereto from state land shall receive primary processing in a facility in the state of Washington unless a permit is issued pursuant to section 8 of this act for the primary processing of such timber elsewhere.

**NEW SECTION.** Sec. 6. (1) All logs derived from the sale of public timber shall be branded by a brand to be specified in the contract for the sale of such timber and every contract for the sale of public timber shall include a requirement therefor. The commissioner of public lands shall maintain in his office and at such other places as shall be specified by the regulations of the full employment commission established by section 9 of this act, a record of such brands which shall be available for public inspection at all times when the office of such commissioner is open for the transaction of business with the public. Removal of any such brand from, or the alteration or mutilation of any such brand on, any log prior to the time when such log is primarily processed shall be a misdemeanor.

(2) Every person who purchases, either from the state of Washington or from another person, public timber or logs derived from public timber and branded in accordance with this act shall make such records as the full employment commission created by section 9 of this act shall by regulation require, to show his use or other disposition of such timber and logs. Every person required to make records as aforesaid shall preserve the same for a period of three years during which time upon the request of said commission such person shall make such records available for inspection by the commissioner of public lands during the customary and usual business hours at such person's principal place of business in the state of Washington or, if he has no such place of business, at the office of the said commissioner in Olympia, Washington,

during the usual and customary hours of business of said office. Failure to make, preserve or make available for inspection such records in accordance with this act and the regulations issued in pursuance thereof shall be a misdemeanor.

**NEW SECTION.** Sec. 7. Any person who transports out of the state of Washington by water, whether on a self-propelled or other type of vessel, boat or barge or by floating or towing in rafts or otherwise, any branded logs derived from public timber shall report information concerning such shipment in accordance with rules and regulations that shall be promulgated by the full employment commission. Failure to comply with said rules and regulations shall be a misdemeanor.

**NEW SECTION.** Sec. 8. Permits for the primary processing of public timber other than in a facility in the state of Washington shall be issued by the full employment commission created by section 9 of this act upon the application of the person in control of the use or disposition of such timber if the commission finds that such timber is currently in log form and that there is presently no reasonable market therefor at facilities in the state of Washington, as defined in section 3 (6) of this act, to which it could be economically transported for primary processing. In arriving at such findings with respect to a reasonable market, the commission shall take into account:

(1) The values that were assigned to the species and grade or grades of logs in their stumpage form when the minimum prices were established for the sale of the stumpage from which such logs were derived.

(2) The cost of logging and transporting such timber from the place where it was severed to its then situs in log form, taking into consideration the average cost therefor as such costs are used in the appraisal of timber in the state of Washington that recently has been or shortly will be made available for sale in the vicinity of the area where such timber was severed.

(3) The general level of prices currently offered for logs of the species, size and grade involved by persons who control such primary processing facilities in the state of Washington as are situated within economic log transportation distance of the then situs of such timber.

(4) Whether the general level of price for the species, size and grade of logs described in subsection (3) of this section affords a profit over and above the appraised value described in subsection (1) of this section and the cost described in subsection (2) of this section.

(5) Whether the applicant has solicited in good faith, but unsuccessfully, offers for the purchase of such logs at or below the general level of price described in subsections (3) and (4) of this section from persons customarily engaged in primary processing of logs of the type involved at facilities in the state of Washington as defined in section 3(6) of this act within economic log transportation distance of the situs of such logs.

**NEW SECTION.** Sec. 9. There is hereby created the full employment commission which shall consist of seven members. One of the members shall be the commissioner of public lands, one shall be active in the management of a company or corporation principally engaged in the processing of logs within Washington, one shall be active in the management of a company or corporation principally engaged in logging in the state of Washington, one shall be active in a labor organization representing workers engaged in the primary processing of logs in the state of Washington, and one shall not be associated in any manner with forestry, logging or the manufacture or sale of wood products, one shall be the chairman of the natural

resources committee of the Washington State Senate and one shall be the chairman of the natural resources, harbors and waterways committee of the Washington State House of Representatives. With the exception of the commissioner of public lands and the members serving from the Washington State Legislature, the rest of the members of the commission shall be appointed by, and serve at, the governor's pleasure. All commission members shall be reimbursed from the state department of natural resources' account for the actual and necessary expenses incurred by them in the performance of their functions, but shall receive no salary or other compensation.

**NEW SECTION.** Sec. 10. (1) Five members, at least three of whom shall have been appointed by the governor, shall constitute a quorum at any meeting or session of the full employment commission. At any meeting or session at which a quorum is present, the commission may act by a majority of those present, but no permit shall be issued pursuant to a tie vote.

(2) The full employment commission shall issue regulations to implement this act. Such regulations shall, among other things, designate two days in each calendar month, not less than twelve nor more than sixteen days apart, on which the commission shall receive testimony in support of and opposed to every application for a permit that is then pending and which was made at least five days, exclusive of Saturdays, Sundays and legal holidays in the state of Washington, prior to the day of receiving testimony. Within seven days after receiving such testimony, Saturdays, Sundays and legal holidays in the state of Washington being excluded, the commission shall grant or deny such application.

**NEW SECTION.** Sec. 11. A fee of fifty dollars shall accompany the application designated in section 8 of this act, such money to be placed in the department of natural resources' account to be used by the department for the administration of this act.

**NEW SECTION.** Sec. 12. In addition to all other remedies permitted by law, any person who breaches the undertaking required by section 5 of this act shall, together with his affiliates, subsidiaries and others under a common control with him, be barred from the further purchase of public timber.

**NEW SECTION.** Sec. 13. If any provision of this act or its application to any person or circumstances is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State May 31, 1966.

NOTE: As provided by the state constitution, whenever the Legislature fails to approve an initiative to the Legislature into law, the measure is automatically submitted to the voters for decision at the next state election.